

August 5, 2011

Mr. James Rajotte, MP (Edmonton--Leduc)
Chair, House of Commons Standing Committee on Finance
House of Commons
Ottawa, ON K1A 0A6

**RE: Submission from the Ridley Terminals Users Group to the
Standing Committee on Finance's Budget 2012 Public Consultations**

Dear Mr. Rajotte,

On behalf of all members of the Ridley Terminals Users Group, please accept this document as our submission to your Committee's public consultation in advance of the 2012 federal budget.

As background information for you and your Committee colleagues, the Ridley Terminals Users Group (RTUG), formed in 2009, represents some of the most significant export commodity producers and logistics partners from the mining, forest products and energy business sectors: Western Coal, Peace River Coal, First Coal (an Xstrata company), Teck Coal, Suncor Energy, Grande Cache Coal, Houston Pellet (a Canfor company) and CN Rail. All RTUG members are either current or future potential users of Ridley Terminals (RTI), a federal Crown corporation and bulk export terminal located in Prince Rupert, British Columbia. Our member companies are diverse and wide-spread, with operations in three Western Canadian provinces and an employee base of more than 4,000 direct jobs that rely on an efficient and globally-competitive sea port terminal to export product internationally. All members share a similar interest in providing economic development and opportunity to regions currently facing slow economic activity.

RTUG's submission does not request any financial commitment from the federal government and indeed represents not only a savings to government, but a "dividend" payment as well. Our group's submission requests that members of the Standing Committee on Finance, as well as other Parliamentarians, their advisors and officials at Finance Canada, consider the merits of restructuring RTI's current operational/financing framework by turning over full operatorship of the terminal to a user group consortium. The Ridley Terminals Users Group has developed a detailed proposal in this regard, which recommends that a user operating group (comprising RTI's current and future potential customers) assume responsibility for all day-to-day management, operational and financial issues at RTI. This document was first shared with the federal government in 2010 after being initially requested by RTI leadership in early 2009. Based on an open-access operating model similar to the Neptune Terminals case whereby a user group operates a facility on Port Authority lands, a user group would assume all current and future operating and capital expansion costs and many, if not all, of RTI's accrued liabilities. Pursuing this option would ensure that RTI remains a public asset pursuant to the federal government's decision made in 2006.

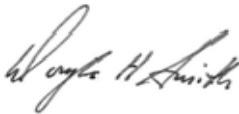
Since its incorporation in 1981, Ridley Terminals has served as a critical link between Canada and the Asia-Pacific region, facilitating the export of Canadian resource product to Asian markets. It has also represented, however, a very significant burden to the public purse. As evidenced by other marine export terminals operated on a user group model, there is an opportunity for RTI to be run more efficiently and in a cost-competitive manner, with a better return to the Canadian taxpayer. At present, fast-approaching maximization of available throughput capacity at RTI, coupled with aggressive mine development forecasts in British Columbia and Alberta over the next several years, raise serious questions about RTI's ability to continue to facilitate current/future shipment. By our estimate, the looming capacity maximization at RTI requires \$100 million+ of capital expansion to the existing terminal in the short-mid term. RTUG's members, as part of a future operating agreement with the Government of Canada, would be prepared to assume this capital cost, as opposed to having the federal government finance this expansion.

Given the government's ongoing Strategic and Operating Review as well as the Crown Asset Review launched by Minister Flaherty in Budget 2009, our group believes that the time is right to reconsider the federal government's fiscal obligation to support RTI indefinitely. A proposal such as ours - which seeks to remove significant annual cost to the Canadian taxpayer and operational oversight from the Crown and instead transfer both to a private sector group with a vested interest in ensuring the future sustainability of the asset - is both timely and appropriate. It is a framework option which should certainly be considered as the federal government - as well as you and your Committee colleagues - embark on deliberations in advance of the next federal budget.

If you have any questions or require additional information, I would be glad to assist and can be reached directly at 604-453-4440 or dsmith@firstcoal.com.

Thank you in advance for your consideration of this submission.

Sincerely,



Mr. Douglas Smith
Chair, Ridley Terminals Users Group
President & CEO, First Coal Corp.

cc: Hon. Jim Flaherty, Minister of Finance
Hon. Ted Menzies, Minister of State (Finance)
Hon. Denis Lebel, Minister of Transport, Infrastructure & Communities
Hon. Steven Fletcher, Minister of State (Transport)
Hon. James Moore, Minister of Canadian Heritage & Senior Minister for BC
Ms. Guyanne Desforges, Clerk, Standing Committee on Finance